

BILL BRADBURY

FOR US SENATE

October 16, 2002

Lawrence H. Norton, Esq.
General Counsel
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

MUR #

5322

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2002 OCT 18 A 11:41

RE: FEC Violation Complaint – U.S. Senator Gordon Smith (R-OR)

Dear Mr. Norton:

This complaint asserts that Sen. Gordon Smith's 1996 campaign committee, "Gordon Smith for U.S. Senate Committee, Inc. (96)" (hereinafter "the Smith campaign") violated several provisions of the Federal Election Campaign Act (the "Act"), including but not limited to, 2 U.S.C. 431 et seq., and related regulations of the Federal Election Commission ("FEC or the "Commission"), specifically 11 C.F.R. 100.1 et seq.

As the following facts and attached documentation make clear, the Smith campaign has broken the law and/or violated FEC regulations in two ways:

1. The Smith campaign improperly disclosed a mortgage as "personal funds" on its FEC filings.

As the facts below will demonstrate, the Smith campaign has improperly reported a mortgage obtained by Gordon Smith (and his spouse, Sharon L. Smith, see pgh. 2 herein) to repay a campaign loan as "personal funds." This failure to accurately report the mortgage Smith obtained in April 2000, and its misrepresentation of the repayment as "personal funds" is a direct violation of 11 CFR 102.7.

On May 14, 2002, the FEC sent correspondence to the Smith campaign stating that the campaign had not been reporting interest payments on the loans from both U.S. Bank and Gordon Smith to the Smith campaign. Each of these loans were being reported on the Smith campaign's FEC reports as accruing interest at 8.09%.

On May 28, 2002, the Smith campaign responded to this correspondence by amending its mid-year 2000, year-end 2000, mid-year 2001 and year-end 2001 reports to indicate that all loans are now owed to Gordon Smith personally, at a rate of 0% interest. The Smith campaign indicates in supplemental correspondence to the FEC that Gordon Smith paid off the loans to US Bank with "only his personal funds" in May 2000.

In direct contradiction to the statements made by the Smith campaign to the FEC, an article published by *The Oregonian* on April 16, 2002 stated that "Faced with what [Smith] said were 'crushing' debt payments of \$20,000 a month from the campaign loans, Smith refinanced his home in Bethesda, Md., to pay off the bank balance in 2000. 'I'm still paying,' he said, because the debt was rolled into his

mortgage.” [Oregonian, 4/16/02 (article attached)] This statement directly contradicts the Smith campaign’s declaration in its correspondence to the FEC that the loan to U.S. Bank was repaid with “only his personal funds.”

- **Governing Regulations:** Under FEC regulations, “personal funds” are not the same as a collateralized loan which, in this case, would be Smith’s mortgage. Personal funds may be used to pay off a campaign loan at any time, if treated as a contribution from the candidate to the campaign. However, a collateralized loan must be reported as such to the FEC. The Smith campaign’s failure to report the mortgage Smith obtained in April 2000, and its misrepresentation of the repayment as “personal funds” is a direct violation of FEC regulations. “When a candidate obtains a bank loan for use in connection with his or her campaign, the loan is considered to be from the bank and not from the candidate’s personal funds. The candidate is acting as the agent of the campaign.” [See FEC Campaign Guide for Congressional Candidates and Committees, 7/02; see also 11 CFR §102.7 and AO 1985-33]

2. **The Smith campaign accepted an illegal contribution of nearly \$500,000.**

As the details below demonstrate, the Smith campaign has accepted a contribution of nearly \$500,000 from Gordon Smith’s wife, Sharon L. Smith, in violation of federal contribution limits imposed on individual donors limiting contributions to \$1,000 per cycle. 11 CFR 100.7(a)(1)(i)(D).

On April 26, 2000, Smith deeded a ½ interest in his home in Bethesda, MD to his wife, Sharon L. Smith. That same day, Smith and Sharon took out a mortgage on that home for \$1.7 million (see attached documentation). You will note that Smith signed both the deed of transfer and the mortgage documents on Sharon’s behalf – none of the documentation from this transaction was actually signed by Sharon.

- » *This amount clearly represents more than 50% of the value of the home, as the home was purchased in 1997 for \$2.01 million, and was appraised by the Montgomery Property Tax Assessment Board for \$2,310,310 in 2002. [All relevant documents attached hereto]*

On April 16, 2002, an article published by *The Oregonian* confirms that Smith used the funds secured by the mortgage to repay the outstanding loan owed by the Smith campaign to U.S. Bank. “Faced with what [Smith] said were ‘crushing’ debt payments of \$20,000 a month from the campaign loans, Smith refinanced his home in Bethesda, Md., to pay off the bank balance in 2000. ‘I’m still paying,’ he said, because the debt was rolled into his mortgage.” [Oregonian, 4/16/02 (article attached)]

- **Governing regulations:** Under FEC regulations, “if a candidate obtains a loan using assets jointly owned with his or her spouse, the amount of the loan may not be greater than the candidate’s share of the property (usually one half); otherwise, a contribution from the spouse results.” [See FEC Campaign Guide for Congressional Candidates and Committees, 7/02] Therefore, under the provisions of 11 CFR 100.7(a)(1)(i)(D), Sharon Smith has overcontributed to the Smith campaign by at least \$488,000 (the amount paid off by the mortgage after factoring out the ½ interest owned by Smith and deducting the maximum allowable campaign contribution from an individual of \$2,000).

26044131646

October 16, 2002
Page 3

We urge the Commission to immediately investigate Senator Smith's egregious violations of Federal Election law. Thank you for your prompt attention to this issue.

Very truly yours,



Neel Pender
Bradbury for U.S. Senate

STATE OF OREGON

COUNTY OF MULTNOMAH

)
)
)
ss.

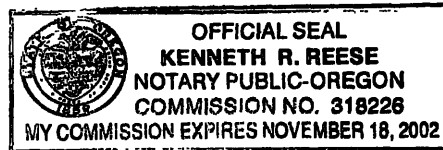
SUBSCRIBED AND SWORN to before me this 16th day of OCT., 2002.



Notary Public

My Commission Expires:

11/18/02



26044131647

**BACKGROUND SHEET
FEC COMPLAINT AGAINST GORDON SMITH**

Gordon Smith received a \$1.6 million dollar loan from U.S. Bank originating in 1995 to help fund his first failed bid for the United States Senate. The impropriety of this loan has already been challenged in an August 2002 complaint filed with the FEC by the Democratic Party of Oregon. The Democratic Party complaint alleges that the U.S. Bank loan was insufficiently collateralized and was granted with "sweet heart" terms. This complaint is currently being investigated by the FEC.

Today's complaint involves analysis of numerous, complex financial transactions. However, one thing is clear: Gordon Smith's actions demonstrate a persistent, six year pattern of flouting campaign finance laws. The bottom line is that there are rules that every candidate for federal office must follow. Smith has broken these rules repeatedly and should be held accountable.

The current complaint asserts that Smith has broken the law and/or violated FEC regulations in two significant ways.

First Violation – Smith misrepresented funds used to retire an old \$1.6 million campaign loan

- In May of 2000, Gordon Smith, without reporting his actions to the FEC as required by law, retired the U.S. Bank loan to avoid having to continue to make "crushing" debt payments. [*The Oregonian*, Tom Detzel, April 16, 2002] Smith claims he retired the U.S. Bank loan utilizing personal funds - which would have been legal.
- However, public records and Smith's public statements demonstrate that he misrepresented the nature of the funds used to retire the US Bank loan. Smith did not use personal funds such as cash; he merely rolled the debt into a bank mortgage loan on his \$2.2 million Chevy Chase, MD house.

Federal election law defines "personal funds" very specifically and collateralized loans (home mortgages or otherwise) clearly do not qualify. Mischaracterizing the nature of campaign funds has been consistently considered by the FEC to be a major violation.

It is also important to note that for two years Gordon Smith never acknowledged in regular, mandatory campaign finance filings that he had paid off the \$1.6 million U.S. Bank loan. It was not until prompted **two full years later** by a FEC inquiry on May 14, 2002 that Smith even bothered to report having paid of the US Bank loan.

- It is incredible that Smith and his campaign could have simply forgotten about a \$1.6 million dollar loan transaction, but the record shows that Smith failed to account for his campaign's financial dealings until he was investigated by the FEC. And when he did finally amend his reports, Smith did so improperly, misrepresenting the funds as "personal funds."
- Either Smith has intentionally deceived the FEC by refusing to accurately report the true nature of his campaign finances, lied to the *Oregonian* and/or he and his campaign have demonstrated utter incompetence in complying with federal election law.

- continued -

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Second Violation – Smith accepted an illegal contribution of nearly \$500,000 a family member

- Candidates may legally draw upon personal wealth to fund campaign activities, but other family members' contributions are bound by the same legal limits that apply to donations from all other individuals. The limit is strictly \$1,000 per individual per election cycle; thus, Smith's wife is only permitted to contribute \$1,000 to his campaign each election cycle.
- Gordon Smith violated the law by arranging to pay off an outstanding campaign debt with to US Bank with from a new loan based on the entire value of his **\$2.2 million Chevy Chase, MD home**. This is illegal because Smith can legally only mortgage half of the home's value (\$1.1 million) for campaign purposes. Therefore, Smith can legally use **\$1.1 million** for campaign purposes, **NOT the \$1.6 million** he actually used to repay the US Bank loan.
- As such, the difference between **\$1.6 million** and the legal amount of **\$1.1 million** constitutes an illegal, excessive contribution of nearly \$500,000 by Sharon Smith. Sharon Smith owns half of the \$2.2 million home so the loan in excess of Gordon Smith's half is attributed to her. Federal election requires that family member contribution be limited to \$1,000 – just like any other contributor to a federal candidate.
- **To be clear: this complaint is filed against Gordon Smith for his failure to properly account for his loan and for accepted an illegal contribution.** In fact, there is no indication that Sharon Smith was even aware of Gordon's financial maneuvers with this matter. Gordon Smith and Gordon Smith alone is responsible for his negligence and evasion of campaign finance laws.
- Gordon Smith is ultimately responsible for his FEC filings. Gordon Smith signed the deed, and he even signed for Sharon Smith (documentation available) on the mortgage documents that support this violation. For two years, he did not report even having paid off the US Bank loan and when he did, he did so illegally. To this day Smith has failed to properly account for this loan and has made conflicting public statements about the nature of his loans.
- Gordon Smith is a wealthy US Senator but he has to follow the same rules as every other candidate. Smith has failed to do so in a repeated and persistent pattern and we are confident the FEC will hold him accountable and the law must be applied equally.

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26044131649

Correspondence from FEC
questioning lack of interest
payments on campaign
loans.

RQ-2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Stan Huckaby, Treasurer
Gordon Smith for U. S. Senate Committee
Inc. (96)
228 South Washington Street, Suite 200
Alexandria, VA 22314

MAY 14 2002

Identification Number: C00316935

Reference: Mid-Year (1/1/01-6/30/01) and Year End (7/1/01-12/31/01) Reports

Dear Mr. Huckaby:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule C of your report discloses outstanding loans from a lending institution reported with an interest rate of 8.090%. However your report does not disclose any interest payments or carry the interest due as debt. Please note that outstanding accrued interest on loans must be reported on Schedule D, while interest payments on loans must be reported as operating expenditures on Line 17 of Schedule B. (11 CFR §§104.3(b) and (d)) Non-payment of interest on the loan may be considered a prohibited contribution by the lending institution. If the interest payment(s) are being made by the candidate, they should be reported as in-kind contributions on Schedules A and B. Please amend your report to clarify the current status of the interest payment(s).

-Schedule C of your report discloses outstanding loans from the candidate's personal funds reported with an interest rate of 8.090%; however your report does not disclose any interest payments or interest carried as debt. Please note that outstanding accrued interest on loans must be reported on Schedule D, while interest payments on loans must be reported as operating expenditures on Line 17 of Schedule B. (11 CFR §§104.3(b) and (d))

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A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Senate Public Records Office within fifteen (15) days of the date of this letter. Please contact the Senate Public Records Office at (202) 224-0322 for instructions on how and where to file an amendment. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Adam Ragan
Senior Reports Analyst
Reports Analysis Division

Page 1 of 1
Correspondence claiming loans
repaid by 'personal funds'

Gordon Smith for U.S. Senate Committee Inc. (1996)

SECRETARY OF THE SENATE

May 27, 2002

02 MAY 29 PM 2:12

Adam Ragan
Senior Reports Analyst
Federal Election Commission
999 E St., NW
Washington, DC 20463

Identification Number: C00316935

Reference: Mid-Year (1/1/01-6/30/01) and Year-End (7/1/01-12/31/01) Reports

Dear Mr. Ragan:

This letter is in response to your request for additional information, dated May 14, 2002 and received by Gordon Smith for U.S. Senate Committee Inc. (96) on May 20, 2002

Senator Gordon Smith paid all the outstanding loans, using only his personal funds, from U.S. Bank in May of 2000. The total debt amount has not changed, however, all loans should now be disclosed as being directly from Senator Smith, with a 0% interest rate. Because all bank loans have been paid in full, and Senator Smith is not charging interest on his personal loans to the campaign, no additional interest payments have been made and no additional interest has accrued.

The Mid-Year (1/1/00-6/30/00), Year-End (7/1/00-12/31/00), Mid-Year (1/1/01-6/30/01) and Year-End (7/1/01-12/31/01) Reports have been amended to more clearly state the status of all outstanding loans.

Thank you for your assistance with this matter.

Sincerely,



Lisa R. Lisker
Assistant Treasurer

228 S. Washington Street Suite 200 Alexandria, VA 22314

Paid for by Gordon Smith for U.S. Senate Committee Inc.

26044131652



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The Oregonian

Article quoting Smith as
saying loan repaid
with mortgage.
[See p. 2]

April 16, 2002 Tuesday SUNRISE EDITION

SECTION: LOCAL STORIES; Pg. A14

LENGTH: 559 words

HEADLINE: SMITH'S '96 RACE FOR SENATE CARRIES DEBT OF \$2.3 MILLION

SOURCE: TOM DETZEL - The Oregonian

DATELINE: WASHINGTON

BODY:

Summary: The senator's current campaign is flush, but the earlier outstanding loans may never be paid off

While Sen. **Gordon Smith's** re-election campaign continues raking in a wealth of donations, another Smith committee languishes with \$2.3 million in outstanding loans that might never be fully repaid.

The debt is the legacy from Smith's unsuccessful first race for the Senate against Democrat Ron Wyden in 1996. It originated from personal loans and a \$2 million bank loan Smith guaranteed to finance his race in the early going. The debt, which is owed to Smith, has been carried by his 1996 campaign committee for years. Although still on the books, Smith hasn't raised money to retire it since mid-1999, and he has not made any recent repayments himself.

"Honestly, I doubt I'll ever get it paid off," Smith said last week, while adding that he has no plans to forgive the debt at this time.

Smith's 2002 campaign committee has a \$2.1 million balance, but the 1996 committee holds a mere \$160 against \$2,293,120 in outstanding loans.

Smith legally can transfer the debt to his 2002 committee and pay back the loans using money raised for his current race. Assuming he wins re-election, he could also roll the loans into a 2008 committee and pay himself back.

But Smith said he's focused on winning re-election, not retiring loans.

Smith, a multimillionaire who owns a frozen food business just outside his home town of Pendleton, has joked about the irony of spending more than \$2 million out of pocket for a job that, as of January, pays only \$150,000 a year.

By comparison, Smith Food Sales paid Smith a \$633,000 salary while he ran for the Senate in 1996 and \$1.7 million the year before that. He hasn't drawn a salary or other compensation from the company since taking office in 1997.

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★ Even a millionaire has limits, though. Faced with what he said were "crushing" debt payments of \$20,000 a month from the campaign loans, Smith refinanced his home in Bethesda, Md., to pay off the bank balance in 2000.

"I'm still paying," he said, because the debt was rolled into his mortgage.

Smith ran two races for the Senate in 1996, the first against Wyden in a special election to replace Republican Bob Packwood, who resigned in a sexual misconduct scandal. The second race, in which he defeated Tom Bruggere, a millionaire Democrat, was to fill the seat of Sen. Mark Hatfield, R-Ore., who retired.

Combined, the campaigns cost \$10.8 million. In 1995, Smith took out two \$1 million promissory notes from U.S. Bank. He then loaned the money to his campaign in chunks of as much as \$200,000 at the same interest rate as the bank.

Over time, the committee returned \$527,023 in principal to both Smith and the bank. But as Smith continued paying the bank from personal funds, the interest payments were recorded as new loans from Smith to his committee.

The result is that the committee has a larger debt now than when Smith took office in early 1997. Reports show that he is owed \$703,692 for personal loans and another \$1.59 million for bank loans he personally guaranteed.

The personal loans have a Dec. 31 due date. The remaining loans were due Feb. 28, but Smith can extend them when he files his next report with the Federal Election Commission in midsummer.

LOAD-DATE: April 17, 2002

Due of property as of
2002.

Click here for a plain text ADA compliant screen.



Maryland Department of Assessments and Taxation
MONTGOMERY COUNTY
Real Property Data Search

[Go Back](#)
[View Map](#)
[New Search](#)

Account Identifier: District - 10 Account Number - 02909067

Owner Information

Owner Name: SMITH, GORDON H & S L Use: RESIDENTIAL
Principal Residence: YES
Mailing Address: 8611 COUNTRY CLUB DR Deed Reference: 1)/18053/ 372
BETHESDA MD 20817-4579 2)

Location & Structure Information

Premises Address 8611 COUNTRY CLUB DR Zoning RE2 Legal Description PERSIMMON TREE
BETHESDA 20817-4579

Map FN62	Grid	Parcel	Subdivision 1	Section	Block A	Lot 18	Group 81	Plat No: Plat Ref:	18150
Special Tax Areas			Town Ad Valorem Tax Class	42					
Primary Structure Built 1996			Enclosed Area 6,527 SF		Property Land Area 2.06 AC			County Use 111	
Stories 2		Basement YES		Type STANDARD UNIT				Exterior BRICK	

Value Information

	Base Value	Value As Of	Phase-in Assessments	
		01/01/2002	As Of	As Of
			07/01/2002	07/01/2003
Land:	551,800	551,800		
Improvements:	1,405,970	1,749,510		
Total:	1,957,770	2,301,310	2,072,283	2,186,796
Preferential Land:	0	0	0	0

Transfer Information

Seller: SMITH, GORDON H TRUSTEE Date: 05/03/2000 Price: \$0
Type: NOT ARMS-LENGTH Deed1: /18053/ 372 Deed2:
Seller: MONROE DEV CORP Date: 05/29/1997 Price: \$2,010,000
Type: IMPROVED ARMS-LENGTH Deed1: /14900/ 389 Deed2:
Seller: Date: 03/14/1991 Price: \$0
Type: NOT ARMS-LENGTH Deed1: Deed2:

Exemption Information

Partial Exempt Assessments	Class	07/01/2002	07/01/2003
County	000	0	0
State	000	0	0
Municipal	000	0	0

Tax Exempt: NO
Exempt Class:

Special Tax Recapture:

* NONE *



Value of property at
date of purchase

*** THIS DATA IS FOR INFORMATION PURPOSES ONLY ***

PROPERTY TRANSFER RECORD FOR MONTGOMERY COUNTY, MD

Buyer: GORDON H SMITH TRUSTEE

Buyer Mailing Address: 8611 COUNTRY CLUB DR, BETHESDA, MD 20817-4579

Seller: MONROE DEV CORP

Property Address: 8611 COUNTRY CLUB DR, BETHESDA, MD 20817-4579

***** **SALES INFORMATION** *****

Recorded Date: 5/29/1997

Sale Price: \$2,010,000 (Full Amount)

Book/Page: 14900/389

Document Number: 093215

Assessor's Parcel Number: FN62 -0000 -0000 -000-000A0-00018

Legal Description: LOT: 00018; BLOCK: 000A0; DISTRICT: 10

Brief Description:

***** **PROPERTY DESCRIPTION** *****

Land Use: SINGLE FAMILY RESIDENTIAL

Lot Size: 2.06ACRES

2604131656

Deed transferring property
to Gordon + Sharon Smith

18053 372

NO-CONSIDERATION DEED

THIS NO-CONSIDERATION DEED, is entered into this 26th day of April, 2000, between GORDON H. SMITH, TRUSTEE of the SMITH FAMILY TRUST, pursuant to the Amended and Restated Smith Family Trust Agreement dated July 19, 1982 (the "Grantor") and GORDON H. SMITH and SHARON L. SMITH, husband and wife (the "Grantees").

WITNESSETH:

In consideration of the sum of One Dollar (\$1.00) in hand paid by the Grantees, receipt of which is hereby acknowledged, the Grantor does hereby grant, confirm and convey unto the Grantees, their successors, personal representatives, heirs and assigns, in fee simple, as tenants by the entirety, all that improved property situate in Montgomery County, State of Maryland described as follows:

LOT No. Eighteen (18) in Block Lettered "A," in a Subdivision known as "Persimon Tree," as per Plat thereof recorded in Plat Book 160 at Plat Number 18150, among the Land Records of Montgomery County, Maryland.

BEING the same property described in a Deed dated May 28, 1997, and recorded among the Land Records of Montgomery County, Maryland, in Liber 14900, folio 389 of the aforesaid Land Records.

which has an address of 8611 Country Club Drive, Bethesda, Maryland 20817.

SUBJECT TO covenants, easements and restrictions of record.

TOGETHER WITH all improvements thereupon and the rights, alleys, ways, waters, easements, privileges, appurtenances and advantages belonging or appertaining thereto.

TO HAVE AND TO HOLD the property hereby conveyed unto the Grantees and their successors, personal representatives, heirs and assigns in fee simple, forever.

THE GRANTOR covenants to warrant specially the property hereby conveyed and to execute such further assurances of the property as may be required.

WITNESS the hands and seals of the Grantor.

WITNESS:

GRANTOR:

Gordon H. Smith

By *Gordon H. Smith* (SEAL)
Gordon H. Smith, Trustee
The Smith Family Trust

RECORDING FEE 28.00
10/19 25.00
Rec'd 10/26 Rec'd 4/2002
FOR REC 9/11: 4/13/03
2000 11:30

26044131657

00 MAY -3 11:51
CLERK'S OFFICE
MONTGOMERY CO. MD

20
5
KE

LOT NO. EIGHTEEN (18) IN BLOCK LETTERED "A", IN A SUBDIVISION KNOWN AS "PERSIMMON TREE", AS PER PLAT THEREOF RECORDED IN PLAT BOOK 160, PLAT NUMBER 18150, AMONG LAND RECORDS OF MONTGOMERY COUNTY, MARYLAND.

which has the address of 8611 COUNTRY CLUB DRIVE

BETHESDA

(City)

, MARYLAND

(State)

(Street)

20817

(Zip Code)

("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

[Handwritten signatures and initials]
SLS
by GHS

26044131658

Mortgage

18055 657

RECORD AND RETURN TO:
PORTLAND MORTGAGE
2020 SW 4TH AVENUE, SUITE 1010
PORTLAND, OREGON 97201

FILED
MOLLY C. RUHL
CLERK'S OFFICE
MONTGOMERY CO. MD

00 MAY -3 P 2:13P

[Space Above This Line For Recording Data]

IMP FD SURE \$ 5.00
RECORDING FEE 75.00
RECORDATION T 7,488.00
TOTAL 7,568.00
Rest MOOR Rpt 4 48825
MOR KSC Bk 4 1250
May 03, 2000 02:13 PM

DEED OF TRUST

15138323

THIS DEED OF TRUST ("Security Instrument") is made on APRIL 26, 2000
GORDON H. SMITH AND SHARON L. SMITH, TENANTS BY THE ENTIRETY

. The grantor is

DONNA MCMILLAN, 1901 RESEARCH BOULEVARD SUITE 220, ROCKVILLE, MARYLAND 20850
PORTLAND MORTGAGE

("Borrower"). The trustee is
("Trustee"). The beneficiary is

existing under the laws of THE STATE OF OREGON
2020 SW 4TH AVENUE, SUITE 1010, PORTLAND, OREGON 97201

, which is organized and
, and whose address is

("Lender"). Borrower owes Lender the principal sum of
ONE MILLION SEVEN HUNDRED THOUSAND AND 00/100

Dollars (U.S. \$ 1,700,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on MAY 01, 2030. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in MONTGOMERY County, Maryland:

This certifies that this instrument has been prepared by a party to the instrument.
PORTLAND MORTGAGE, a party to this transaction.

Paul J. Dolan
Paul J. Dolan, Attorney

MARYLAND--Single Family--Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 3021 9/90

20MD:02/07

Page 1 of 1

GHS *SLS*
by GHS

Tax Insurer Chicago Title Insurance Company

2604131659

7480
75
S
K